

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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INFO AMEMBASSY OTTAWA

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TAGS: GATT, ETRD

SUBJ: GATT PANELS ON DISC AND RELATED TAX PRACTICES

REF: GENEVA 1658 (NOTAL)

1. TODAY WE MET WITH MARIADASON, CHAIRMAN OF SUBJECT PANELS, AND FEIJ OF NETHERLANDS MISSION, TO DISCUSS INFORMALLY HOW PANELS MIGHT ORGANIZE WORK. MARIADASON SAID HE SUSPECTED MEETING OF AM MARCH 16 WOULD INVOLVE PANEL MEMBERS ONLY; IT LIKELY THAT AFTERNOON MARCH 16 SESSION WOULD SEE DISC PANEL INVITE EC TO PRESENT ITS COMPLAINT ON DISC. PANEL WOULD PROBABLY INVITE U.S. TO BE PRESENT AT SAME TIME. U.S. MIGHT THEN DECIDE HOW LONG WE WOULD REQUIRE TO REACT TO EC PRESENTATION BEFORE GIVING DEFENSE. WE SAID WE SUSPECTED U.S. WOULD WISH MAKE TACTICAL JUDGMENT AT THE TIME AND THEREFORE WE COULD NOT YET SAY WHETHER U.S. WOULD RESPOND DURING WEEK ENDING 19 MARCH OR WAIT UNTIL A LATER SESSION OF PANEL.

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2. FEIJ SAID EC PLANNING SUBMIT A "LONG PAPER" ON DISC WHICH WOULD INCLUDE MANY QUOTES FROM U.S. BUSINESSMEN. HE NOTED, OF COURSE, THAT EC PREPARATION HAD BEEN UNDER CONSTRUCTION FOR SOME TIME.

3. MARIADASON FELT EACH OF THREE PANELS ON RELATED TAX PRACTICES WOULD WISH FOLLOW PARALLEL PRACTICE OF HEARING U.S. COMPLAINT, FOLLOWED BY REFLECTION AND THEN RESPONSE BY FRANCE, BELGIUM, NETHERLANDS EITHER DURING SAME WEEK OR AT SOME LATER SESSION.

4. WE RECALLED THE U.S. INSISTENCE, AND WHAT WE FELT WAS 1973 GATT COUNCIL AGREEMENT, (A) THAT PANELS WOULD WORK IN PARALLEL AND DISC PANEL WOULD NOT ATTEMPT REACH DECISION BEFORE OTHER PANELS, AND (B) THAT U.S. COULD, DURING DISC PANEL RPT DISC PANEL, BRING UP TAX PRACTICES OF OTHER COUNTRIES.

5. WE ALSO NOTED TO MARIADASON DUAL CANADIAN REQUEST A) TO MAKE A PRESENTATION TO DISC PANEL, WHICH WE AGREED WAS CLEARLY ON 1973 COUNCIL RECORD, AND B) TO BE PRESENT TO HEAR EVERYONE ELSE'S DISCUSSION OF DISC BEFORE SPEAKING. ON LATTER, WHILE WE NOTED THAT SUCH MATTERS ARE UP TO DISC PANEL TO DECIDE--AND THAT WE UNINSTRUCTED ON THE POINT-- WE PERSONALLY BELIEVED IT WOULD BE INEQUITABLE FOR DISC PANEL TO GIVE CANADA PERMANENT OBSERVER PRIVILEGES. FURTHERMORE, WE ADDED THAT NEITHER CANADA NOR ANY OTHER NON-EC COUNTRY WAS COMPLAINANT UNDER ARTICLE XXIII:2. WHILE OTHER COUNTRIES HAD NOTIFIED DISC IN GATT NTB INVENTORY, THE DISC PANEL WAS SET UP TO EXAMINE THE EC'S ARTICLE XXIII:2 COMPLAINT, AND WE HOPED PANEL WOULD BEAR THAT IN MIND. WE RECALLED U.S. HAD, IN FACT, SUGGESTED A WORKING PARTY WHICH WOULD HAVE BROADENED PARTICIPATION BUT COUNCIL HAD SET UP PANELS INSTEAD. (COMMENT: OF COURSE, IF U.S. DOES RAISE TAX PRACTICES OF OTHER COUNTRIES IN DISC RPT DISC PANEL, IT WOULD BE REASONABLE TO EXPECT THAT DISC PANEL MIGHT INVITE THOSE COUNTRIES TO PARTICIPATE IN SOME WAY.)

6. WHILE MARIADASON WAS NOT IN POSITION TAKE FINAL DECISION ON LIMITED OFFICIAL USE

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SION ON POINTS WE RAISED (AND PRESUMABLY WILL SOON BE PRESENTED WITH THE VIEWS OF OTHERS), HE APPEARED BE IN GENERAL AGREEMENT. FEIJ DID NOT CONTEST POINTS WE RAISED.

7. WE WONDERED ALOUD WHETHER PANELS MIGHT REQUIRE TOTAL OF AT LEAST THREE SESSIONS: ONE TO HEAR COMPLAINTS, ONE TO HEAR DEFENSES, AND AT LEAST ONE ADDITIONAL SESSION.

MARIADASON SAID THIS SEEMED LIKELY.

8. FINALLY, WE NOTED U.S. PARTICIPANTS MUST TRAVEL
GREAT DISTANCE AND THEREFORE URGED MARIADASON TO LET
US KNOW AS SOON AS POSSIBLE IF FOR ANY REASON HE FELT
THAT SCENARIO FOR PANELS WOULD BE RADICALLY DIFFERENT
FROM THAT DISCUSSED ABOVE.DALE

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